

**Deduction in respect of deposits under National Savings Scheme or payment to a deferred annuity plan.**

**80CCA.** (1) Where an assessee, being—

- (a) an individual, or
- (b) a Hindu undivided family, [ \* \* \* ]
- (c) [ \* \* \* ]

has in the previous year—

- (i) deposited any amount in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf [ \* \* \* ]; or
- (ii) paid any amount to effect or to keep in force a contract for such annuity plan of the Life Insurance Corporation as the Central Government may, by notification in the Official Gazette, specify,

out of his income chargeable to tax, he shall, in accordance with, and subject to, the provisions of this section, be allowed a deduction in the computation of his total income of the whole of the amount deposited or paid (excluding interest or bonus accrued or credited to the assessee's account, if any) as does not exceed the amount of twenty thousand rupees in the previous year :

**Provided** that in relation to—

- (a) the assessment years commencing on the 1st day of April, 1989 and the 1st day of April, 1990, this sub-section shall have effect as if for the words “twenty thousand rupees”, the words “thirty thousand rupees” had been substituted;
- (b) the assessment year commencing on the 1st day of April, 1991 and subsequent assessment years, this sub-section shall have effect as if for the words “twenty thousand rupees”, the words “forty thousand rupees” had been substituted:

**Provided further** that no deduction under this sub-section shall be allowed in relation to any amount deposited or paid under clauses (i) and (ii) on or after the 1st day of April, 1992.

(2) Where any amount—

- (a) standing to the credit of the assessee under the scheme referred to in clause (i) of sub-section (1) in respect of which a deduction has been allowed under sub-section (1) together with the interest accrued on such amount is withdrawn in whole or in part in any previous year, or
- (b) is received on account of the surrender of the policy or as annuity or bonus in accordance with the annuity plan of the Life Insurance Corporation in any previous year,

an amount equal to the whole of the amount referred to in clause (a) or clause (b) shall be deemed to be the income of the assessee of that previous year in which such withdrawal is made or, as the case may be, amount is received, and shall, accordingly, be chargeable to tax as the income of that previous year :

**Provided** that nothing contained in this sub-section shall apply to any amount received by the assessee on account of the surrender of the policy in accordance with the terms of the annuity plan of the Life Insurance Corporation where the assessee elects to surrender before the 1st day

of October, 1992, the said annuity plan in respect of which he had paid any amount under clause (ii) of sub-section (1) before the 1st day of April, 1992.

(3) Notwithstanding anything contained in any other provision of this Act, where a partition has taken place among the members of a Hindu undivided family or where an association of persons has been dissolved after a deduction has been allowed under sub-section (1), the provisions of sub-section (2) shall apply as if the person in receipt of income referred to therein is the assessee.

*Explanation I.*—For the removal of doubts, it is hereby declared that interest on the deposits made under the scheme referred to in clause (i) of sub-section (1) shall not be chargeable to tax except in the manner and to the extent specified in sub-section (2).

*Explanation II.*—For the purposes of this section, “Life Insurance Corporation” shall have the same meaning as in clause (a) of sub-section (8) of section 80C.